

CASE

NUMBER:

99-353

IN THE MATTER OF AN INVESTIGATION INTO THE PROPOSED
WHOLESALE WATER SERVICE CONTRACT BETWEEN THE CITY OF
DANVILLE, KENTUCKY AND GARRARD COUNTY WATER ASSOCIATION

SEQ NBR	ENTRY DATE	REMARKS
0001	07/29/1999	Application
0002	08/26/1999	Order suspending Danville's proposed rate to 1/26/2000; briefs due 9/27/99.
M0001	09/21/1999	DAMON TALLEY KY RURAL WATER ASSOC-MOTION FOR FULL INTERVENTION
M0004	09/23/1999	MARK METCALF/GARRARD & DANVILLE-GARRARD AND CITY OF DANVILLE MOTION FOR EXTENSION OF TIME (
0003	09/24/1999	Order granting joint motion for extension of time; briefs due 11/29/99.
M0002	09/27/1999	MARK METCALF/CITY OF DANVILLE-MOTION FOR EXTENSION OF TIME
0004	09/28/1999	Order granting motion of the Kentucky Rural Water Association to intervene.
M0005	09/29/1999	FRED SIMPSON CITY OF LANCASTER-LETTER CONCERNING FILING OF BRIEF TO BE DELAYED
M0006	10/06/1999	ROBERT WATT CITY OF LANCASTER-NOTICE OF ENTRY OF APPEARANCE
M0007	10/20/1999	DAVID SPENARD / AG-MOTION TO INTERVENE
0005	11/01/1999	Order granting motion of Attorney General to intervene.
M0008	11/29/1999	DAMON TALLEY KY RURAL WATER ASSOC IN-MOTION FOR EXTENSION OF TIME
M0009	12/01/1999	MARK METCALF GARRARD CO WATER ASSOC-MOTION FOR EXTENSION OF TIME
0006	12/13/1999	Order entered; each party shall file on or before 1/13/00 a written brief.
M0010	01/12/2000	DAMON TALLEY KY RURAL WATER ASSOC-MOTION FOR EXTENSION OF TIME TO FILE
M0011	01/13/2000	GARRAD CO WATER MARKMETCALF-MOTION FOR EXTENSION OF TIME TO FILE BRIEFS
M0012	01/19/2000	DAVID SPENARD AG-RESPONSE TO MOTIONS FOR EXTENSION OF TIME
0007	01/20/2000	Order granting and denying in part Motions for Extension of Time; info due 1/27
M0014	01/27/2000	AG DAVID SPENARD-NOTICE REGARDING BRIEF
M0015	01/27/2000	ROBERT WATT CITY OF LANCASTER-NOTICE OF WITHDRAWAL OF REQ FOR INPUT
M0013	01/28/2000	DAMON TALLEY KY RURAL WATER ASSOC-NOTICE REGARDING BRIEF
M0016	02/07/2000	MARK METCALF GARRAD CO WATER-NOTICE OF SETTLEMENT
0008	02/14/2000	Final Order granting motion to close & approving the contract.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-353
CITY OF DANVILLE WATER DEPT.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on February 14, 2000.

See attached parties of record.

Stephanie J. Bell

Secretary of the Commission

SB/hv
Enclosure

John Bowling
Mayor
City of Danville Water Dept.
P. O. Box 670
Danville, KY. 40423

Harold C. Ward
President
Garrard County Water Association,
Inc.
315 Lexington Road
P. O. Box 670
Lancaster, KY. 40444

Fred Simpson
Water Superintendent
City of Lancaster
101 Standford Street
Lancaster, KY. 40444

Honorable Damon R. Talley
Attorney for KY Rural Water
112 North Lincoln Boulevard
Post Office Box 150
Hodgenville, KY. 42748

Honorable Mark H. Metcalf
Attorney for Garrard & Danville
Metcalf & Metcalf
214 Stanford Street
Lancaster, KY. 40444

Honorable Robert M. Watt
Counsel for the City of Lancaster
Stoll, Keenon & Park, LLP
201 East Main Street, Suite 1000
Lexington, KY. 40507 1380

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT) CASE NO. 99-353
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

ORDER

The city of Lancaster, Kentucky ("Lancaster") has withdrawn its objections to the proposed contract between the city of Danville, Kentucky ("Danville") and Garrard County Water Association ("Association") for wholesale water service. The Association has advised the Commission that it has reached agreement with Lancaster on all issues that gave rise to Lancaster's request for Commission investigation. It moves that the Commission close its investigation on the proposed contract.

In light of these events and in the absence of any objection to the proposed contract's terms, the Commission finds that the Association's motion should be granted.

IT IS THEREFORE ORDERED that:

1. The Association's motion to close this proceeding is granted.
2. The contract between Danville and the Association is approved effective the date of this Order.
3. This case is closed and shall be removed from the Commission's docket.

Done at Frankfort, Kentucky, this 14th day of February, 2000.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
FEB 07 2000
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

NOTICE OF SETTLEMENT

* * *

Comes now Garrard County Water Association (hereinafter "the Association") and for its notice states as follows, to wit:

1. That on January 26, 2000, the City of Lancaster and the Association discussed for a third time those matters involving an objection of the City of Lancaster to a proposed contract between the City of Danville and the Association.

2. Present in person or by counsel were the Kentucky Rural Water Association, City of Danville, City of Lancaster and the Association.

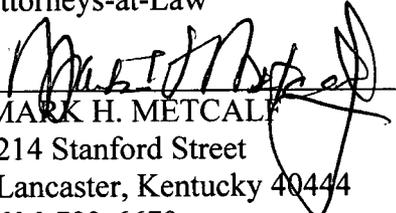
3. Upon conclusion of their meeting, a settlement between the parties was announced such that the City of Lancaster, by and through its attorney Hon. James S. Sanders, its mayor, Hon. Billy Moss, indicated to the Association an agreement in principle satisfying the City of Lancaster and prompting a withdrawal of its objection.

4. That the Association, by and through counsel, hereby states that the notice of withdrawal of the objection as filed by the City through Hon. Robert Watt III is true and accurate and that the representations of the Hon. Damon Talley on behalf of Kentucky Rural Water Association are likewise true and accurate.

5. That the notice filed by Hon. David Spenard from the office of the Kentucky Attorney General states accurately that a controversy no longer exists, satisfaction and accord having been reached.

6. In reliance on the above the Association respectfully requests and moves the Public Service Commission to enter an order striking this matter from its calendar and dismissing its inquiry into the proposed wholesale water service contract.

Respectively submitted,
METCALF & METCALF
Attorneys-at-Law

By: 
MARK H. METCALF
214 Stanford Street
Lancaster, Kentucky 40444
606-792-6679

CERTIFICATE OF SERVICE

Counsel certifies that an original and ten copies of this notice were served and filed by delivery to Hon. Martin Huelsman, Executive Director, Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky 40601 and was furthermore served by mailing a true and accurate copy of the foregoing first class to:

Hon. Ed Hays
114 South Fourth Street
Danville, Kentucky 40422

Hon. James S. Sanders
100 Paulding Street
Lancaster, Kentucky 40444

Hon. Robert Watt III
201 East Main Street
Suite 1000
Lexington, Kentucky 40507

Hon. Damon R. Talley
P.O. Box 150
Hodgenville, Kentucky 42748

Mr. Harold C. Ward
Garrard County Water Association
P.O. Box 670
Lancaster, Kentucky 40444

Hon. James Park
Brown, Todd & Heyburn
1900 Financial Center
East Main Street
Lexington, Kentucky 40507

By:


MARK H. METCALF
*Counsel to Garrard County
Water Association*

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

RECEIVED

JAN 28 2000

PUBLIC SERVICE
COMMISSION
ATTORNEY AT LAW

DAMON R. TALLEY

January 27, 2000

Ms. Stephenie Bell
Secretary of the Commission
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 1999-353
City of Danville and Garrard County Water Association

Dear Ms. Bell:

Enclosed are the original and ten (10) copies of the Notice which is being filed on behalf of the Kentucky Rural Water Association, Inc.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY

DRT:ln

Enclosures

cc: All parties

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 28 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

KENTUCKY RURAL WATER ASSOCIATION, INC.'S
NOTICE REGARDING BRIEF

Comes the KENTUCKY RURAL WATER ASSOCIATION, INC.
("KRWA"), by Counsel, and serves notice that it will not be filing a written brief for
the following reasons:

1. On January 26, 2000 the Garrard County Water Association ("Garrard")
and the City of Lancaster ("Lancaster") reached a Settlement Agreement in this
matter. As part of the Settlement Agreement, Lancaster will be withdrawing its
objections to the proposed wholesale water service contract between the City of
Danville ("Danville") and Garrard. Formal approval of the Settlement Agreement by
the governing bodies of Garrard and Lancaster should take place by February 7, 2000.

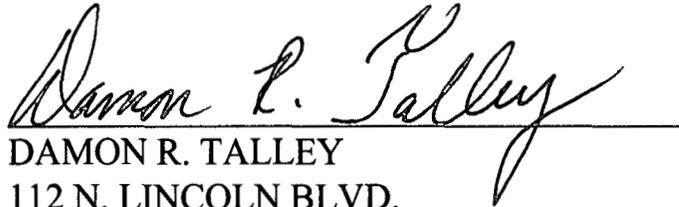
2. Since a controversy no longer exists, the Commission need not address the jurisdictional issues set forth in the Commission's August 26, 1999 Order.

3. Therefore, it will not be necessary for KRWA and the other parties to file written briefs in this proceeding.

This 27th day of January, 2000.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.

A handwritten signature in cursive script that reads "Damon R. Talley". The signature is written in black ink and is positioned above a horizontal line.

DAMON R. TALLEY
112 N. LINCOLN BLVD.
P. O. BOX 150
HODGENVILLE, KY 42748
(270) 358-3187 FAX (270) 358-9560
ATTORNEY FOR KRWA

CERTIFICATE OF SERVICE

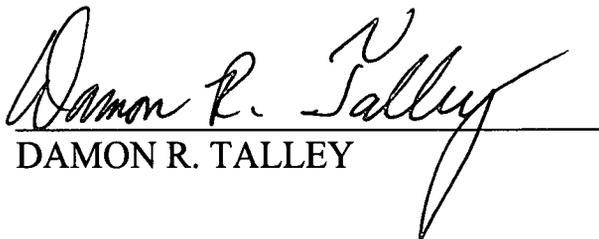
This is to certify that a true copy of the foregoing Pleading was served by first class mail, postage prepaid, this 27th day of JANUARY, 2000, to the following:

EDWARD D HAYS
SHEEHAN BARNETT & HAYS PSC
114 S 4TH ST
P O BOX 1517
DANVILLE KY 40423-1517
ATTORNEY FOR CITY OF DANVILLE

MARK H METCALF METCALF & METCALF 214 STANFORD ST LANCASTER KY 40444 ATTORNEYS FOR GARRARD COUNTY WATER ASSOCIATION	JAMES PARK JR BROWN TODD & HEYBURN PLLC 2700 LEXINGTON FINANCIAL CENTER LEXINGTON KY 40507-1749 ATTORNEYS FOR GARRARD COUNTY WATER ASSOCIATION
--	--

JAMES S SANDERS 100 PAULDING ST P O BOX 571 LANCASTER KY 40444 ATTORNEYS FOR CITY OF LANCASTER	ROBERT M WATT III STOLL KEENON & PARK LLP 201 EAST MAIN ST SUITE 1000 LEXINGTON KY 40507-1380
--	--

DAVID E SPENARD
ASSISTANT ATTORNEY GENERAL
1024 CAPITAL CENTER DR
FRANKFORT KY 40601-8204


DAMON R. TALLEY

STOLL, KEENON & PARK, LLP

201 EAST MAIN STREET
SUITE 1000
LEXINGTON, KENTUCKY 40507-1380

(606) 231-3000

FAX: (606) 253-1093

*FRANKFORT OFFICE:
307 WASHINGTON STREET
FRANKFORT, KY. 40601-1823
(502) 875-6220
FAX: (502) 875-6235

**WESTERN KENTUCKY OFFICE:
201 C NORTH MAIN STREET
HENDERSON, KY. 42420-3103
(270) 831-1900
FAX: (270) 827-4060

***LOUISVILLE OFFICE:
2650 AEGON CENTER
400 WEST MARKET
LOUISVILLE, KY. 40202-3377
(502) 568-9100
FAX: (502) 568-5700

INTERNET: www.skp.com

January 26, 2000

RECEIVED
JAN 27 2000
PUBLIC SERVICE
COMMISSION

ROBERT F. HOULIHAN
LESLIE W. MORRIS II
LINDSEY W. INGRAM, JR.
WILLIAM L. MONTAGUE
JOHN STANLEY HOFFMAN**
BENNETT CLARK
WILLIAM T. BISHOP III
RICHARD C. STEPHENSON
CHARLES E. SHIVEL, JR.
ROBERT M. WATT III
J. PETER CASSIDY, JR.
DAVID H. THOMASON**
SAMUEL D. HINKLE IV***
R. DAVID LESTER
ROBERT F. HOULIHAN, JR.
WILLIAM M. LEAR, JR.
GARY W. BARR
DONALD P. WAGNER
FRANK L. WILFORD
HARVIE B. WILKINSON
ROBERT W. KELLERMAN*
LIZBETH ANN TULLY
J. DAVID SMITH, JR.
EILEEN O'BRIEN
DAVID SCHWETSCHENAU
ANITA M. BRITTON
RENA GARDNER WISEMAN
DENISE KIRK ASH
BONNIE HOSKINS
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PERRY MACK BENTLEY
MARY BETH GRIFFITH
DAN M. ROSE
GREGORY D. PAVEY
J. MEL CAMENISCH, JR.
LAURA DAY DELCOTTO
LEA PAULEY GOFF***
CULVER V. HALLIDAY***
DAVID E. FLEENOR

JAMES D. ALLEN
SUSAN BEVERLY JONES
MELISSA A. STEWART
TODD S. PAGE
JOHN B. PARK
PALMER G. VANCE II
RICHARD A. NUNNELLEY
WILLIAM L. MONTAGUE, JR.
KYMBERLY T. WELLONS
CHARLES R. BAESLER, JR.
STEVEN B. LOY
PATRICIA KIRKWOOD BURGESS
RICHARD B. WARNE
JOHN H. HENDERSON**
LINDSEY W. INGRAM III
JEFFERY T. BARNETT
AMY C. LIEBERMANN
ELIZABETH FRIEND BIRD**
CRYSTAL OSBORNE
JOHN A. THOMASON**
DELLA M. JUSTICE
BOYD T. CLOERN***
DONNIE E. MARTIN
DAVID T. ROYSE
JENNIFER M. REYNOLDS

(OF COUNSEL)
WILLIAM L. SULLIVAN**
JAMES BROWN***
DOUGLAS P. ROMAINE
JAMES G. STEPHENSON
GEORGE D. SMITH
EDWARD H. BARTENSTEIN***

WALLACE MUIR (1878 - 1947)
RICHARD C. STOLL (1878 - 1949)
WILLIAM H. TOWNSEND (1890 - 1964)
RODMAN W. KEENON (1882 - 1968)
JAMES PARK (1892 - 1970)
JOHN L. DAVIS (1913 - 1970)
GLADNEY HARVILLE (1921 - 1978)
GAYLE A. MOHNEY (1906 - 1980)
C. WILLIAM SWINFORD (1921 - 1988)

Hon. Martin J. Huelsmann
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

Re: City of Danville/Garrard County Water Association
Case No. 99-353

Dear Mr. Huelsmann:

I enclose for filing an original and ten copies of our notice of withdrawal of request for input in the above-captioned case. I would appreciate your placing this document with the other papers in the case and placing my name on the service list. Thank you for your kind assistance in this matter.

Sincerely,



Robert M. Watt, III

rmw

encl.

cc: Mr. Fred Simpson, Esq. (w/encl.)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JAN 27 2000
PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

CASE NO. 99-353

* * * * *

NOTICE OF CITY OF LANCASTER
OF WITHDRAWAL OF REQUEST FOR INPUT

The City of Lancaster ("Lancaster") hereby gives notice of the withdrawal of its request for input into the investigation by the Commission into the proposed wholesale water service contract between the City of Danville and Garrard County Water Association, which request was made by letter dated July 28, 1999. Lancaster states that it now has no objection to the proposed wholesale water service contract which is the subject of this proceeding.

Respectfully submitted,

STOLL, KEENON & PARK, LLP



Robert M. Watt, III
201 East Main Street, Suite 1000
Lexington, KY 40507
(606) 231-3000

Counsel for the City of Lancaster

CERTIFICATE OF SERVICE

This is to certify that the foregoing pleading has been served by mailing a copy, postage prepaid, to the following persons on this 27th day of January 2000:

John Bowling
Mayor
City of Danville Water Dept.
P.O. Box 670
Danville, KY 40423

Harold C. Ward
President
Garrard County Water Association, Inc.
315 Lexington Road
P.O. Box 670
Lancaster, KY 40444

Damon R. Talley, Esq.
112 North Lincoln Boulevard
P.O. Box 150
Hodgenville, KY 42748

Mark H. Metcalf, Esq.
Metcalf & Metcalf
214 Stanford Street
Lancaster, KY 40444

David E. Spenard, Esq.
Assistant Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Frankfort, KY 40601-8204

James Park, Jr., Esq.
Brown, Todd & Heyburn
Suite 2700
Lexington Financial Center
Lexington, KY 40507-1749



Counsel for the City of Lancaster

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED
JAN 27 2000
PUBLIC SERVICE
COMMISSION

In the Matter of:)
AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT) Case No. 99-353
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

NOTICE REGARDING BRIEF

Comes now the Attorney General, and provides the following notice regarding the brief due in this action per the Commission's 20 January 2000, Order. It appears that the Garrard County Water Association and the City of Lancaster have been able to reach an accord in this action. Accordingly, a controversy no longer exists.

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edw Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Notice Regarding Brief were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, John Bowling, City of Danville Water Dept., P. O. Box 670, Danville, KY. 40423, Harold C. Ward, Garrard County Water Association, Inc., P. O. Box 670, Lancaster, KY. 40444, Fred Simpson, City of Lancaster, 101 Standford Street Lancaster, KY. 40444, Damon R. Talley, KRWA, Post Office Box 150, Hodgenville, KY. 42748, Mark H. Metcalf, 214 Stanford Street Lancaster, KY. 40444, and Robert M. Watt, III, Stoll, Keenon & Park, LLP 201 East Main Street, Suite 1000 Lexington, KY. 40507 1380, all on this 27th day of January, 2000.

Dave Edna Spence
Assistant Attorney General

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JAN 13 2000
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

MOTION FOR EXTENSION OF TIME TO FILE BRIEFS

* * *

Comes now Garrard County Water Association and City of Danville, by counsel,
and for their motion for extension of time to file briefs, state as follows, to wit:

1. That Garrard County Water Association (hereinafter "the Association") and
City of Danville (hereinafter "Danville") move this honorable Commission to grant an
extension of thirty (30) days for negotiation to be concluded in the above-styled matter.

2. For cause the Association and Danville state that through their attorneys and
principals they have engaged in negotiations the success and conclusive of which shall
affirmatively dispose of this dispute.

3. That since the Commission's earlier grant of an extension of time, the parties
have faithfully bargained and negotiated their positions such that this matter may be
concluded without resort to an administrative hearing.

4. This motion is not calculated for purposes of frustration or delay of this matter,
but so that the parties might reconcile their differences speedily, inexpensively and
definitively.

Wherefore the parties move for that relief specifically mentioned hereinmentioned
above.

Respectfully submitted,
METCALF & METCALF
Attorneys-at-Law

By: 
MARK H. METCALF
214 Stanford Street
Lancaster, Kentucky 40444
606-792-6679

CERTIFICATE OF SERVICE

I hereby certify that true and accurate copies were mailed first class to the parties listed below with an original and ten (10) copies being served on the Public Service Commission, to wit:

Hon. James Sanders
100 Paulding Street
Lancaster, Kentucky 40444

Hon. James Park
Brown Todd & Heyburn
2900 Financial Center
Lexington, Kentucky 40507-1749

Hon. Damon Talley
12 N. Lincoln Blvd.
P.O. Box 150
Hodgenville, Kentucky 42748-0150

Hon. Edward Hays
114 S 4th Street
Danville, Kentucky 40423-1517

Hon. Helen Helton
Executive Director, Public Service Commission
Schenkel Lane
Frankfort, Kentucky 40601

Hon. Robert Watt
Stoll Keenon & Park
201 East Main Street, Suite 1000
Lexington, Kentucky 40507-1380

David Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

By 
MARK H. METCALF



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 20, 2000

To: All parties of record

RE: Case No. 1999-353

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

John Bowling
Mayor
City of Danville Water Dept.
P. O. Box 670
Danville, KY 40423

Harold C. Ward
President
Garrard County Water Association,
Inc.
315 Lexington Road
P. O. Box 670
Lancaster, KY 40444

Fred Simpson
Water Superintendent
City of Lancaster
101 Standford Street
Lancaster, KY 40444

Honorable Damon R. Talley
Attorney for KY Rural Water
112 North Lincoln Boulevard
Post Office Box 150
Hodgenville, KY 42748

Honorable Mark H. Metcalf
Attorney for Garrard & Danville
Metcalf & Metcalf
214 Stanford Street
Lancaster, KY 40444

Honorable Robert M. Watt
Counsel for the City of Lancaster
Stoll, Keenon & Park, LLP
201 East Main Street, Suite 1000
Lexington, KY 40507 1380

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT) CASE NO. 99-353
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

ORDER

The Garrard County Water Association ("Garrard County"), the city of Danville, Kentucky ("Danville"), and the Kentucky Rural Water Association ("KRWA") have moved for an additional 30 days in which to file briefs on the Commission's jurisdiction over the proposed contract. No objections to the motions have been filed with the Commission.

Having considered the motions and finding that a 14-day extension of time should be granted, the Commission HEREBY ORDERS that:

1. The Motions for Extension of Time are granted in part and denied in part.
2. On or before January 27, 2000, each party shall file with the Commission a written brief on the Commission's jurisdiction over the proposed contract. This brief shall address the issues set forth in the Commission's Order of August 26, 1999.
3. No further extensions of time in which to file briefs shall be granted.

Done at Frankfort, Kentucky, this 20th day of January, 2000.

By the Commission

ATTEST:


Executive Director

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED

JAN 19 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:)
AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

Case No. 99-353

RESPONSE OF THE ATTORNEY GENERAL
TO THE MOTIONS FOR AN EXTENSION OF TIME

Comes now the Attorney General, by and through his Office of Rate Intervention, and notes that he has seen the motions for an extension of time by the Kentucky Rural Water Association, Inc., the Garrard County Water Association, and the City of Danville and has no objection.

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Response of the Attorney General to the Motions for an Extension of Time were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, John Bowling, City of Danville Water Dept., P. O. Box 670, Danville, KY. 40423, Harold C. Ward, Garrard County Water Association, Inc., P. O. Box 670, Lancaster, KY. 40444, Fred Simpson, City of Lancaster, 101 Standford Street Lancaster, KY. 40444, Damon R. Talley, KRWA, Post Office Box 150, Hodgenville, KY. 42748, Mark H. Metcalf, 214 Standford Street Lancaster, KY. 40444, and Robert M. Watt, III, Stoll, Keenon & Park, LLP 201 East Main Street, Suite 1000 Lexington, KY. 40507 1380, all on this 19th day of January, 2000.

David E. Smith
Assistant Attorney General

DAMON R. TALLEY, P.S.C.

112 N. LINCOLN BLVD.
P.O. BOX 150
HODGENVILLE, KENTUCKY 42748

TEL. (270) 358-3187
FAX (270) 358-9560

DAMON R. TALLEY

RECEIVED

JAN 13 2000

PUBLIC SERVICE
COMMISSION

ATTORNEY AT LAW

January 11, 2000

Ms. Stephenie Bell
Secretary of the Commission
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 1999-353
City of Danville and Garrard County Water Association

Dear Ms. Bell:

Enclosed are the original and ten (10) copies of the Motion for an Extension of Time which is being filed on behalf of the Kentucky Rural Water Association, Inc.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY

DRT:ln

Enclosures

cc: All parties

RECEIVED

JAN 1 2 2000

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

KENTUCKY RURAL WATER ASSOCIATION, INC.'S
MOTION FOR EXTENSION OF TIME

Comes the KENTUCKY RURAL WATER ASSOCIATION, INC.
("KRWA"), by Counsel, and moves for a 30 day extension of time, through and
including February 13, 2000, in which to file a written brief, for the following
reasons:

1. The parties are presently engaged in settlement discussions which, if successful, will not only resolve the narrow contract issue that is the subject of this proceeding, but will also resolve other, broader issues between the Garrard County Water Association ("Garrard") and the City of Lancaster ("Lancaster").
2. KRWA has been acting as a facilitator or a mediator between Garrard and Lancaster as they attempt to resolve various issues.

3. KRWA is generally satisfied with the progress of the settlement negotiations and is optimistic that all issues will be resolved in the near future.

4. The parties have already agreed, in principle, to amend the current wholesale agreement so that Garrard will be required to purchase a minimum quantity of water from Lancaster.

5. The parties need additional time, however, to consider and respond to the other settlement proposals that are under consideration.

6. If the parties reach a settlement, then Lancaster will withdraw its objection to the proposed Danville contract. If this occurs, then it will not be necessary for the parties to file written briefs nor for the Commission to rule on the jurisdictional issues presented by the facts of this case.

7. KRWA believes that the most effective way for the parties to resolve their differences is for the Commission to grant the motion for an extension of time and permit the settlement negotiations to continue on an informal basis.

8. The attorneys for Garrard and Danville, the proponents of the proposed contract, have informed KRWA that they also plan to file a motion for an extension of time in which to file the written briefs.

9. The undersigned attorney has discussed the motion for an extension of

time with the attorneys for Lancaster. They have no objection to the motion if the new deadline for filing briefs is applicable to all parties.

10. This motion has not been brought for purposes of delay and will not result in undue prejudice to any of the parties.

WHEREFORE, the Kentucky Rural Water Association, Inc. respectfully requests that all parties be granted an extension of time through and including February 13, 2000 in which to file written briefs.

This 11th day of January, 2000.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY
112 N. LINCOLN BLVD.
P. O. BOX 150
HODGENVILLE, KY 42748
(270) 358-3187 FAX (270) 358-9560
ATTORNEY FOR KRWA

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing Pleading was served by first class mail, postage prepaid, this 11th day of January 2000, to the following:

EDWARD D HAYS
SHEEHAN BARNETT & HAYS PSC
114 S 4TH ST
P O BOX 1517
DANVILLE KY 40423-1517
ATTORNEY FOR CITY OF DANVILLE

MARK H METCALF
METCALF & METCALF
214 STANFORD ST
LANCASTER KY 40444
ATTORNEYS FOR GARRARD COUNTY WATER ASSOCIATION

JAMES PARK JR
BROWN TODD & HEYBURN PLLC
2700 LEXINGTON FINANCIAL CENTER
LEXINGTON KY 40507-1749
ATTORNEYS FOR GARRARD COUNTY WATER ASSOCIATION

JAMES S SANDERS
100 PAULDING ST
P O BOX 571
LANCASTER KY 40444
ATTORNEYS FOR CITY OF LANCASTER

ROBERT M WATT III
STOLL KEENON & PARK LLP
201 EAST MAIN ST SUITE 1000
LEXINGTON KY 40507-1380

DAVID E SPENARD
ASSISTANT ATTORNEY GENERAL
1024 CAPITAL CENTER DR
FRANKFORT KY 40601-8204


DAMON R. TALLEY



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

December 13, 1999

To: All parties of record

RE: Case No. 1999-353

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

John Bowling
Mayor
City of Danville Water Dept.
P. O. Box 670
Danville, KY 40423

Harold C. Ward
President
Garrard County Water Association,
Inc.
315 Lexington Road
P. O. Box 670
Lancaster, KY 40444

Fred Simpson
Water Superintendent
City of Lancaster
101 Standford Street
Lancaster, KY 40444

Honorable Damon R. Talley
Attorney for KY Rural Water
112 North Lincoln Boulevard
Post Office Box 150
Hodgenville, KY 42748

Honorable Mark H. Metcalf
Attorney for Garrard & Danville
Metcalf & Metcalf
214 Stanford Street
Lancaster, KY 40444

Honorable Robert M. Watt
Counsel for the City of Lancaster
Stoll, Keenon & Park, LLP
201 East Main Street, Suite 1000
Lexington, KY 40507 1380

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT) CASE NO. 99-353
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

ORDER

The Garrard County Water Association ("Garrard County") and the Kentucky Rural Water Association ("KRWA") have moved for an additional extension of time in which to file briefs on the Commission's jurisdiction over the proposed contract. No objections to the motions have been filed with the Commission.

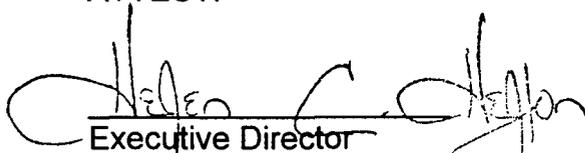
Having considered the motions and finding that cause exists to grant the motions, the Commission HEREBY ORDERS that:

1. Garrard County's and KRWA's Motions for Extension of Time are granted.
2. On or before January 13, 2000, each party shall file with the Commission a written brief on the Commission's jurisdiction over the proposed contract. This brief shall address the issues set forth in the Commission's Order of August 26, 1999.

Done at Frankfort, Kentucky, this 13th day of December, 1999.

By the Commission

ATTEST:


Executive Director

METCALF & METCALF

ATTORNEYS AT LAW

214 STANFORD STREET

LANCASTER, KENTUCKY 40444

CAYWOOD METCALF

1957

MARK H. METCALF

1986

RECEIVED

606-792-8056

DEC 01 1999

606-792-6679

PUBLIC SERVICE
COMMISSION

November 26, 1999

Hon. Helen C. Helton
Executive Director, Public Service Commission
P.O. 615
Frankfort, Kentucky 40602

**Re: City of Danville and Garrard County Water Association
Case No. 99-353**

Dear Helen:

Enclosed are the original and ten copies of the motion for extension of time which is filed on behalf of Garrard County Water Association and the City of Danville.

May I be of further assistance to you in this matter, please let me know.

Best regards,



MARK H. METCALF

MHM/ss
enclosure

RECEIVED

DEC 01 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

* * *

GARRARD COUNTY WATER ASSOCIATION'S
MOTION FOR EXTENSION OF TIME

* * *

Comes now the Garrard County Water Association (hereinafter "the Association"), by counsel, and moves for a forty-five (45) day extension of time, through and including January 13, 2000, in which to file a written brief, for the following reasons, to wit:

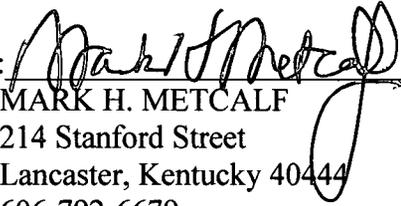
1. The Association has begun negotiations through the Kentucky Rural Water Association to address the concerns of the City of Lancaster regarding the proposed contract between the Association and the City of Danville.
2. Counsel for the Association, Hon. James Park and Hon. Mark H. Metcalf, have spoken with representatives of KRWA, City of Lancaster and City of Danville so that negotiations may begin to resolve the issues now before the commission.
3. That all parties before the commission agree that a forty-five (45) day extension will provide sufficient time in which to negotiate the merits of this matter and resolve the dispute existing between the City of Lancaster as complaining party and the Association and the City of Danville as responding parties.

4. That all counsel associated with the parties including Hon. Robert Watt, Hon. Damon Talley, Hon. James Park and Hon. James S. Sanders have been contacted by the undersigned attorney and there is uniform agreement among counsel that a forty-five (45) day extension shall work to serve the best interest of all parties hereto.

Wherefore the Garrard County Water Association respectfully moves this honorable court to grant an extension of time of forty-five (45) days, through and including January 13, 2000 in which to file written briefs in the above-styled matter.

Respectfully submitted,

METCALF & METCALF
Attorneys-at-Law

By: 
MARK H. METCALF
214 Stanford Street
Lancaster, Kentucky 40444
606-792-6679

CERTIFICATE OF SERVICE

26th I hereby certify that a true and accurate copy of the foregoing was mailed first class this day of November 1999 to:

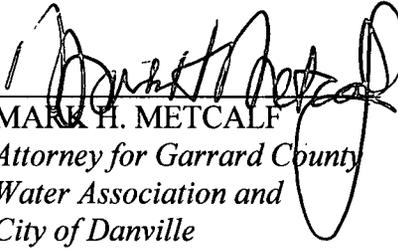
Hon. James S. Sanders
P.O. Box 571
Lancaster, Kentucky 40444

Hon. Robert M. Watt, III.
201 East Main Street
Suite 1000
Lexington, Kentucky 40507-1380

Hon. David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Hon. Edward D. Hays
P.O. Box 1517
Danville, Kentucky 40423-1517

Hon. Helen Helton
Executive Director, Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

By: 
MARK H. METCALF
*Attorney for Garrard County
Water Association and
City of Danville*

DAMON R. TALLEY, P.S.C.

P.O. Box 150
112 N. LINCOLN BLVD.
HODGENVILLE, KENTUCKY 42748

(270)
TEL. ~~502~~ 358-3187
FAX 358-9560

DAMON R. TALLEY

ATTORNEY AT LAW

November 24, 1999

Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RECEIVED
NOV 29 1999
PUBLIC SERVICE
COMMISSION

RE: Case No. 99-353
City of Danville and Garrard County Water Association

Dear Ms. Helton:

Enclosed are the original and ten (10) copies of the Motion for an Extension of Time which is being filed on behalf of the Kentucky Rural Water Association, Inc.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY

DRT:ln

Enclosures

cc: All parties

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
NOV 29 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

KENTUCKY RURAL WATER ASSOCIATION, INC.'S
MOTION FOR EXTENSION OF TIME

Comes the KENTUCKY RURAL WATER ASSOCIATION, INC. ("KRWA"), by Counsel, and moves for a 45 day extension of time, through and including January 13, 2000, in which to file a written brief, for the following reasons:

1. KRWA has been acting as a facilitator or a mediator between the Garrard County Water Association ("Garrard") and the City of Lancaster ("Lancaster") as they attempt to resolve this matter.
2. The settlement discussions involve not only the proposed City of Danville ("Danville") contract, which is the subject of this proceeding, but also other, broader issues between Garrard and Lancaster.

3. KRWA has had numerous telephone conferences and discussions with representatives of Garrard and Lancaster. KRWA is well pleased with the willingness of both sides to engage in good faith settlement negotiations. KRWA is satisfied with the progress of the settlement negotiations.

4. If the parties reach a settlement, then Lancaster will withdraw its objection to the proposed Danville contract. If this occurs, then it will not be necessary for the parties to file written briefs nor for the Commission to rule on the jurisdictional issues presented by the facts of this case.

5. KRWA believes that the most effective way for the parties to resolve their differences is for the Commission to grant the motion for an extension of time and permit the settlement negotiations to continue on an informal basis.

6. The attorneys for Garrard and Danville, the proponents of the proposed contract, have informed KRWA that they also plan to file a motion for an extension of time in which to file the written briefs.

7. The undersigned attorney has discussed the motion for an extension of time with the attorneys for Lancaster. They have no objection to the motion if the new deadline for filing briefs is applicable to all parties.

8. This motion has not been brought for the purposes of delay and will not result in undue prejudice to any of the parties.

WHEREFORE, the Kentucky Rural Water Association, Inc. respectfully requests that all parties be granted an extension of time through and including January 13, 2000 in which to file written briefs.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.

A handwritten signature in cursive script that reads "Damon R. Talley". The signature is written in black ink and is positioned above a horizontal line.

DAMON R. TALLEY
112 N. LINCOLN BLVD.
P. O. BOX 150
HODGENVILLE, KY 42748
(270) 358-3187 FAX (270) 358-9560
ATTORNEY FOR KRWA

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing Pleading was served by first class mail, postage prepaid, this 24th day of Nov., 1999, to the following:

EDWARD D HAYS
SHEEHAN BARNETT & HAYS PSC
114 S 4TH ST
P O BOX 1517
DANVILLE KY 40423-1517
ATTORNEY FOR CITY OF DANVILLE

MARK H METCALF METCALF & METCALF 214 STANFORD ST LANCASTER KY 40444 ATTORNEYS FOR GARRARD COUNTY WATER ASSOCIATION	JAMES PARK JR BROWN TODD & HEYBURN PLLC 2700 LEXINGTON FINANCIAL CENTER LEXINGTON KY 40507-1749 ATTORNEYS FOR GARRARD COUNTY WATER ASSOCIATION
--	--

JAMES S SANDERS 100 PAULDING ST P O BOX 571 LANCASTER KY 40444 ATTORNEYS FOR CITY OF LANCASTER	ROBERT M WATT III STOLL KEENON & PARK LLP 201 EAST MAIN ST SUITE 1000 LEXINGTON KY 40507-1380 ATTORNEYS FOR CITY OF LANCASTER
--	---

DAVID E SPENARD
ASSISTANT ATTORNEY GENERAL
1024 CAPITAL CENTER DR
FRANKFORT KY 40601-8204


DAMON R. TALLEY



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 1, 1999

To: All parties of record

RE: Case No. 99-353

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

John Bowling
Mayor
City of Danville Water Dept.
P. O. Box 670
Danville, KY 40423

Harold C. Ward
President
Garrard County Water Association,
Inc.
315 Lexington Road
P. O. Box 670
Lancaster, KY 40444

Fred Simpson
Water Superintendent
City of Lancaster
101 Standford Street
Lancaster, KY 40444

Honorable Damon R. Talley
Attorney for KRWA
112 North Lincoln Boulevard
Post Office Box 150
Hodgenville, KY 42748

Honorable Mark H. Metcalf
Attorney for Garrard & Danville
Metcalf & Metcalf
214 Stanford Street
Lancaster, KY 40444

Honorable Robert M. Watt
Counsel for the City of Lancaster
Stoll, Keenon & Park, LLP
201 East Main Street, Suite 1000
Lexington, KY 40507 1380

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE,) CASE NO. 99-353
KENTUCKY AND GARRARD COUNTY WATER)
ASSOCIATION)

O R D E R

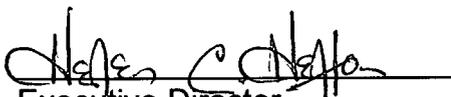
This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed October 20, 1999, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 1st day of November, 1999.

By the Commission

ATTEST:


Executive Director

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED

OCT 20 1999

PUBLIC SERVICE
COMMISSION

Case No. 99-353

In the Matter of:)
AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

MOTION TO INTERVENE

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to KRS 367.150(8), and moves to intervene in the above-styled proceeding. The Attorney General requests that he be permitted to intervene as a party to the fullest extent permitted by law in order to execute his statutory duties pursuant to KRS 367.150(8).

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Motion to Intervene were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, John Bowling, City of Danville Water Dept., P. O. Box 670, Danville, KY. 40423, Harold C. Ward, Garrard County Water Association, Inc., P. O. Box 670, Lancaster, KY. 40444, Fred Simpson, City of Lancaster, 101 Standford Street Lancaster, KY. 40444, Damon R. Talley, KRWA, Post Office Box 150, Hodgenville, KY. 42748, Mark H. Metcalf, 214 Stanford Street Lancaster, KY. 40444, and Robert M. Watt, III, Stoll, Keenon & Park, LLP 201 East Main Street, Suite 1000 Lexington, KY. 40507 1380, all on this 20th day of October, 1999.

David Edward Spindel
Assistant Attorney General

STOLL, KEENON & PARK, LLP

201 EAST MAIN STREET
SUITE 1000
LEXINGTON, KENTUCKY 40507-1380

(606) 231-3000
FAX: (606) 253-1093

*FRANKFORT OFFICE:
307 WASHINGTON STREET
FRANKFORT, KY. 40601-1823
(502) 875-6220
FAX: (502) 875-6235

**WESTERN KENTUCKY OFFICE:
201 C NORTH MAIN STREET
HENDERSON, KY. 42420-3103
(502) 831-1900
FAX: (502) 897-4060

***LOUISVILLE OFFICE:
2650 AEGON CENTER
400 WEST MARKET
LOUISVILLE, KY. 40202-3377
(502) 568-9100
FAX: (502) 568-5700

INTERNET: www.skp.com

October 5, 1999

JAMES D. ALLEN
SUSAN BEVERLY JONES
MELISSA A. STEWART
TODD S. PAGE
JOHN B. PARK
PALMER G. VANCE II
RICHARD A. NUNNELLEY
WILLIAM L. MONTAGUE, JR.
KYMBERLY T. WELLS
CHARLES R. BAESLER, JR.
STEVEN B. LOY
PATRICIA KIRKWOOD BURGESS
RICHARD B. WARNE
JOHN H. HENDERSON**
LINDSEY W. INGRAM III
JEFFERY T. BARNETT
AMY C. LIEBERMANN
ELIZABETH FRIEND BIRD**
MOLLY J. CUE
CRYSTAL OSBORNE
JOHN A. THOMASON**
DELLA M. JUSTICE
BOYD T. CLOERN***
DONNIE E. MARTIN
DAVID T. ROYSE

(OF COUNSEL)
JAMES BROWN***
DOUGLAS P. ROMAINE
JAMES G. STEPHENSON
GEORGE D. SMITH

WALLACE MUIR (1878 - 1947)
RICHARD C. STOLL (1878 - 1949)
WILLIAM H. TOWNSEND (1890 - 1964)
RODMAN W. KEENON (1882 - 1968)
JAMES PARK (1892 - 1970)
JOHN L. DAVIS (1913 - 1970)
GLADNEY HARVILLE (1921 - 1978)
GAYLE A. MOHNEY (1908 - 1980)
C. WILLIAM SWINFORD (1921 - 1986)

ROBERT F. HOULIHAN
LESLIE W. MORRIS II
LINDSEY W. INGRAM, JR.
WILLIAM L. MONTAGUE
JOHN STANLEY HOFFMAN**
BENNETT CLARK
WILLIAM T. BISHOP III
RICHARD C. STEPHENSON
CHARLES E. SHIVEL, JR.
ROBERT M. WATT III
J. PETER CASSIDY, JR.
DAVID H. THOMASON**
SAMUEL D. HINKLE IV***
R. DAVID LESTER
ROBERT F. HOULIHAN, JR.
WILLIAM M. LEAR, JR.
GARY W. BARR
DONALD P. WAGNER
FRANK L. WILFORD
HARVIE B. WILKINSON
ROBERT W. KELLERMAN*
LIZBETH ANN TULLY
J. DAVID SMITH, JR.
EILEEN O'BRIEN
DAVID SCHWETSCHENAU
ANITA M. BRITTON
RENA GARDNER WISEMAN
DENISE KIRK ASH
BONNIE HOSKINS
C. JOSEPH BEAVIN
DIANE M. CARLTON
LARRY A. SYKES
P. DOUGLAS BARR
PERRY MACK BENTLEY
MARY BETH GRIFFITH
DAN M. ROSE
GREGORY D. PAVEY
J. MEL CAMENISCH, JR.
LAURA DAY DELCOTTO
LEA PAULEY GOFF***
CULVER V. HALLIDAY***
DAVID E. FLEENOR

Hon. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

Re: City of Danville/Garrard County Water Association
Case No. 99-353

Dear Ms. Helton:

I enclose for filing an original and ten copies of our notice of entry of appearance in the above-captioned case. I would appreciate your placing this document with the other papers in the case and placing my name on the service list. Thank you for your kind assistance in this matter.

Sincerely,



Robert M. Watt, III

rmw
encl.

cc: Mr. Fred Simpson, Esq. (w/encl.)
Counsel of Record (w/encl.)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
OCT 05 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

CASE NO. 99-353

* * * * *

NOTICE OF ENTRY OF APPEARANCE

The undersigned counsel gives notice of entry of appearance as counsel to the City of Lancaster in the within-styled proceeding and requests that, in addition, to service upon the City of Lancaster, the parties and the Commission serve all motions, orders and other papers upon the undersigned.

Respectfully submitted,

STOLL, KEENON & PARK, LLP



Robert M. Watt, III
201 East Main Street, Suite 1000
Lexington, KY 40507
(606) 231-3000

Counsel for the City of Lancaster

CERTIFICATE OF SERVICE

This is to certify that the foregoing pleading has been served by mailing a copy, postage prepaid, to the following persons on this 5th day of October 1999:

Edward D. Hays, Esq.
Sheehan, Barnett & Hays, PSC
114 S. 4th Street
P.O. Box 1517
Danville, KY 40423-1517

John Bowling
Mayor
City of Danville Water Dept.
P.O. Box 670
Danville, KY 40423

Mark H. Metcalf, Esq.
Metcalf & Metcalf
214 Stanford Street
Lancaster, KY 40444

Harold C. Ward
President
Garrard County Water Association, Inc.
315 Lexington Road
P.O. Box 670
Lancaster, KY 40444

Damon R. Talley, PSC
112 N. Lincoln Blvd
P.O. Box 150
Hodgenville, KY 42748



Counsel for the City of Lancaster

RECEIVED

SEP 29 1999

City of Lancaster

101 Stanford Street
Lancaster, Kentucky 40444
Phone 606-792-2241
Fax 606-792-3341

PUBLIC SERVICE
COMMISSION

KENNY ADAMS
Fire Chief

FRED SIMPSON
Water Supt.

MILLARD ROSE
Sewer Supt.

BILLY C. MOSS

Mayor

SHARI LANE

City Clerk

JAMES S. SANDERS

City Attorney

September 28, 1999

Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, Kentucky 40602

RE: Case No. 99-353 (Order of September 24, 1999)

We at Lancaster were fully prepared to file our brief at the date originally assigned but acknowledge the decision of the Commission to grant a delay. We are somewhat surprised at the length of the delay as the issues at stake were not so involved as to require a delay of that length.

We would ask the Commission to consider that we sell the large majority of our water (75%) at a wholesale rate that has not been adjusted since 1992. This rate has traditionally, and by agreement, been looked at every three years in August and adjusted if warranted. During the past year our system ceased to bring in enough money to operate. We passed a rate hike for city customers of from 30 to 60% in August. Since they only use 25% of our water this will not correct the situation. We are currently selling water to GCWA and the City of Crab Orchard at a rate below our cost of production. The outcome of this case is critical to the setting of a new rate, perhaps contributing to a wholesale rate as low as \$1.60 per thousand gallons if the Danville contract does not go into effect or a rate as high as \$2.00 per thousand if it does. We are committed to opposing the higher rate since it would not be a competitive rate for our area and we would likely lose our Crab Orchard sales to Stanford or Mt. Vernon. GCWA would then also have real justification to look elsewhere for their water.

This situation causes us to urge all due haste in finding a resolution to this matter. We do appreciate the hearing you have given us in a matter we feel will have repercussions for all the citizens of Garrard County and the citizens of Crab Orchard in Lincoln County. Please realize we only appealed to you after all other avenues for a hearing of our concerns appeared to be effectively closed.

Thank You,
Fred Simpson
Fred Simpson
Water Supt.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 28, 1999

To: All parties of record

RE: Case No. 99-353

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

John Bowling
Mayor
City of Danville Water Dept.
P. O. Box 670
Danville, KY 40423

Harold C. Ward
President
Garrard County Water Association,
Inc.
315 Lexington Road
P. O. Box 670
Lancaster, KY 40444

Fred Simpson
Water Superintendent
City of Lancaster
101 Stanford Street
Lancaster, KY 40444

Honorable Damon R. Talley
Attorney for KRWA
112 North Lincoln Boulevard
Post Office Box 150
Hodgenville, KY 42748

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE,) CASE NO. 99-353
KENTUCKY AND GARRARD COUNTY WATER)
ASSOCIATION)

O R D E R

This matter arising upon the motion of the Kentucky Rural Water Association ("KRWA"), filed September 21, 1999, for full intervention, and it appearing to the Commission that the KRWA has a special interest which is not otherwise adequately represented, and that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings, and this Commission being otherwise sufficiently advised,

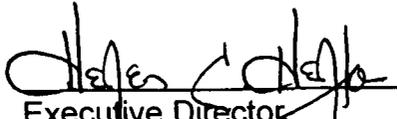
IT IS HEREBY ORDERED that:

1. The motion of the KRWA to intervene is granted.
2. The KRWA shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. Should the KRWA file documents of any kind with the Commission in the course of these proceedings, it shall also serve a copy of said documents on all other parties of record.

Done at Frankfort, Kentucky, this 28th day of September, 1999.

By the Commission

ATTEST:


Executive Director

METCALF & METCALF

ATTORNEYS AT LAW

214 STANFORD STREET

LANCASTER, KENTUCKY 40444

CAYWOOD METCALF

1957

MARK H. METCALF

1986

606-792-6056

606-792-6679

September 22, 1999

Hon. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED
SEP 27 1999
PUBLIC SERVICE
COMMISSION

**Re: City of Danville and Garrard County Water Association
Case No. 99-353**

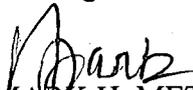
Dear Helen:

Enclosed are an original and ten copies of a motion for extension of time to file briefs in the above-styled matter.

The grounds set forth in the motion are, briefly, the fact that City of Danville has asked me to represent them before the Commission (notice of which I received on Monday, September 20, 1999 by letter from Hon. Ed Hays, City of Danville attorney), the unavailability of Hon. James Park to consult with me regarding the issues now being considered by the Commission and the recent motion to intervene by the Kentucky Rural Water Association the interests of (about which I would prefer to have time to consider prior to the filing of my brief). Finally, the Association has retained the services of Mr. Chuck Beuechel of Lexington, Kentucky to present econometric models which support the contract of Garrard Water Association and City of Danville. Mr. Beuechel's work has not been completed and cannot presently be included in the brief.

I very much appreciate your consideration of these matters and may I be of further assistance to you please let me know.

Best regards,


MARK H. METCALF

cc: Hon. James S. Sanders
Hon. Damon R. Talley
Hon. Ed Hays
Hon. James Park

MHM:cf

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 27 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

* * *

GARRARD COUNTY WATER ASSOCIATION AND CITY OF DANVILLE'S
MOTION FOR EXTENSION OF TIME

Come now Garrard County Water Association (hereinafter "Garrard") and the City of Danville, Kentucky (hereinafter "Danville") and for their motion for an extension of time in which to file briefs, state as follows, to wit:

1. That City of Danville contacted Mark H. Metcalf through their attorney, Hon. Ed Hays, on September 20, 1999 and advised that Danville wished to retain Mark H. Metcalf to represent it before the Public Service Commission in the above-styled matter. Mark H. Metcalf requests further time to develop the brief he has prepared to incorporate the interests of City of Danville.

2. That Mark H. Metcalf has consulted with Hon. James Park of Brown, Todd & Heyburn in Lexington, Kentucky to provide direction and guidance as to the issues identified by the Commission as ones of first impression. Hon. James Park has been unavailable for two weeks prior to the time in which the brief was to be filed and as a result Mark H. Metcalf has not had adequate time to prepare arguments to be submitted to the Commission. Hon. James Park shall appear as an attorney of record in this matter.

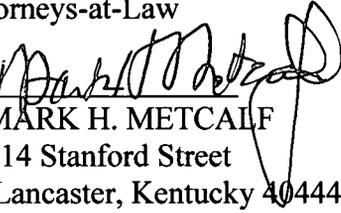
3. Garrard intends to produce before the Commission econometric models which support the contract of Garrard and Danville. Garrard has retained Mr. Chuck Beuchel of Lexington, Kentucky to review the facts of this matter and develop from those facts models supporting Garrard and Danville's position. Mark H. Metcalf intends to incorporate said models into his brief as further evidence of the reasonableness of the contract, the fact that no detriment to Lancaster shall result from said contractor nor shall any prohibited duplication of services arise prejudicing any of its interested utilities and their customers.

That the Kentucky Rural Water Association has moved to intervene in this matter and their proposed intervention may provide opportunity to affect compromise on some, if not all issues now pending. Likewise, KRWA's intervention may afford opportunity to more thoroughly refine those arguments to be addressed by the Commission.

The above-styled motion is not calculated to frustrate nor delay these proceedings before the Commission. Instead, this motion is offered to more thoroughly present the case of Garrard and Danville so that this matter may likewise be better adjudicated.

Wherefore Garrard and Danville move this honorable Commission extend the time to file briefs for sixty (60) days from the date of this motion.

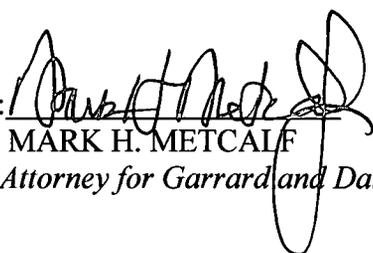
Respectfully submitted.
METCALF & METCALF
Attorneys-at-Law

By 
MARK H. METCALF
214 Stanford Street
Lancaster, Kentucky 40444
606-792-6679

CERTIFICATE OF SERVICE

I hereby certify that an original and ten copies thereof were mailed to the Public Service Commission by first class mail and that a true and accurate copy of the foregoing was mailed this 23rd day of September 1999 to

1. Hon. Edward D. Hays
P. O. Box 1517
Danville, Kentucky 40423-1517
2. Hon. James S. Sanders
P.O. Box 571
Lancaster, Kentucky 40444
3. Hon. Helen C. Helton
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602
4. Hon. Jerry Wilcher
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602
5. Hon Damon R. Talley
P.O. Box 150
112 N. Lincoln Blvd.
Hodgenville, Kentucky 42748

By: 
MARK H. METCALF
Attorney for Garrard and Danville



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 24, 1999

John Bowling
Mayor
City of Danville Water Dept.
P. O. Box 670
Danville, KY. 40423

Harold C. Ward
President
Garrard County Water Association,
Inc.
315 Lexington Road
P. O. Box 670
Lancaster, KY. 40444

Fred Simpson
Water Superintendent
City of Lancaster
101 Standford Street
Lancaster, KY. 40444

RE: Case No. 99-353

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT) CASE NO. 99-353
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION)

ORDER

The City of Danville, Kentucky ("Danville") and the Garrard County Water Association ("Garrard County") have jointly moved for an extension of time in which to file briefs on the Commission's jurisdiction over the proposed contract. Having considered the motion and finding that cause exists to grant the motion, the Commission HEREBY ORDERS that:

1. The Joint Motion for Extension of Time is granted.
2. On or before November 29, 1999, each party shall file with the Commission a written brief on the Commission's jurisdiction over the proposed contract. This brief shall address the issues set forth in the Commission's Order of August 26, 1999.

Done at Frankfort, Kentucky, this 24th day of September, 1999.

By the Commission

ATTEST:


Executive Director

FAY

RECEIVED

SEP 23 1999

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

* * *

**GARRARD COUNTY WATER ASSOCIATION AND CITY OF DANVILLE'S
MOTION FOR EXTENSION OF TIME**

Come now Garrard County Water Association (hereinafter "Garrard") and the City of Danville, Kentucky (hereinafter "Danville") and for their motion for an extension of time in which to file briefs, state as follows, to wit:

1. That City of Danville contacted Mark H. Metcalf through their attorney, Hon. Ed Hays, on September 20, 1999 and advised that Danville wished to retain Mark H. Metcalf to represent it before the Public Service Commission in the above-styled matter. Mark H. Metcalf requests further time to develop the brief he has prepared to incorporate the interests of City of Danville.

2. That Mark H. Metcalf has consulted with Hon. James Park of Brown, Todd & Heyburn in Lexington, Kentucky to provide direction and guidance as to the issues identified by the Commission as ones of first impression. Hon. James Park has been unavailable for two weeks prior to the time in which the brief was to be filed and as a result Mark H. Metcalf has not had adequate time to prepare arguments to be submitted to the Commission. Hon. James Park shall appear as an attorney of record in this matter.

CERTIFICATE OF SERVICE

I hereby certify that an original and ten copies thereof were mailed to the Public Service Commission by first class mail and that a true and accurate copy of the foregoing was mailed this 23rd day of September 1999 to

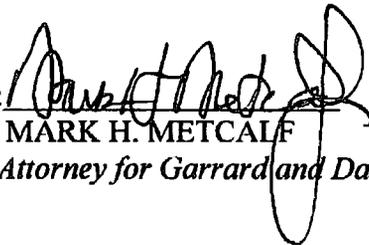
1. Hon. Edward D. Hays
P. O. Box 1517
Danville, Kentucky 40423-1517

2. Hon. James S. Sanders
P.O. Box 571
Lancaster, Kentucky 40444

3. Hon. Helen C. Helton
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

4. Hon. Jerry Wilcher
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

5. Hon Damon R. Talley
P.O. Box 150
112 N. Lincoln Blvd.
Hodgenville, Kentucky 42748

By: 
MARK H. METCALF
Attorney for Garrard and Danville

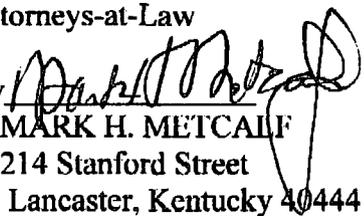
3. Garrard intends to produce before the Commission econometric models which support the contract of Garrard and Danville. Garrard has retained Mr. Chuck Beuechel of Lexington, Kentucky to review the facts of this matter and develop from those facts models supporting Garrard and Danville's position. Mark H. Metcalf intends to incorporate said models into his brief as further evidence of the reasonableness of the contract, the fact that no detriment to Lancaster shall result from said contractor nor shall any prohibited duplication of services arise prejudicing any of its interested utilities and their customers.

That the Kentucky Rural Water Association has moved to intervene in this matter and their proposed intervention may provide opportunity to affect compromise on some, if not all issues now pending. Likewise, KRWA's intervention may afford opportunity to more thoroughly refine those arguments to be addressed by the Commission.

The above-styled motion is not calculated to frustrate nor delay these proceedings before the Commission. Instead, this motion is offered to more thoroughly present the case of Garrard and Danville so that this matter may likewise be better adjudicated.

Wherefore Garrard and Danville move this honorable Commission extend the time to file briefs for sixty (60) days from the date of this motion.

Respectfully submitted.
METCALF & METCALF
Attorneys-at-Law

By 
MARK H. METCALF
214 Stanford Street
Lancaster, Kentucky 40444
606-792-6679

DAMON R. TALLEY, P.S.C.

P.O. Box 150
112 N. LINCOLN BLVD.
HODGENVILLE, KENTUCKY 42748

TEL. (502) 358-3187
FAX 358-9560

DAMON R. TALLEY

September 17, 1999

RECEIVED

SEP 21 1999

PUBLIC SERVICE
COMMISSION
ATTORNEY AT LAW

Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 99-353
City of Danville and Garrard County Water Association

Dear Ms. Helton:

Enclosed are the original and ten (10) copies of the Motion for Full Intervention which is being filed on behalf of the Kentucky Rural Water Association, Inc.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY

DRT:ln

Enclosures

cc: All parties
Kentucky Rural Water Association, Inc.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
SEP 21 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT)
BETWEEN THE CITY OF DANVILLE, KENTUCKY)
AND GARRARD COUNTY WATER ASSOCIATION) CASE NO. 99-353

KENTUCKY RURAL WATER ASSOCIATION, INC.'S
MOTION FOR FULL INTERVENTION

Comes the KENTUCKY RURAL WATER ASSOCIATION, INC. (the "KRWA"), by Counsel, pursuant to 807 KAR 5:001, Section 3 (8), and all other applicable rules and regulations of the Commission, and moves for leave to intervene in this proceeding. **Full intervention** rights are being sought.

1. KRWA is a non-profit corporation organized to provide assistance to rural water systems throughout the Commonwealth of Kentucky. Its members are water districts organized under the provisions of KRS Chapter 74, non-profit water associations, and small towns (those with populations less than 10,000). Membership is voluntary.

2. There are approximately 154 water districts and associations in Kentucky. Of this number, 143, or approximately 93%, are members of KRWA.

These members are all subject to the jurisdiction of the Public Service Commission of Kentucky (the "Commission"). In addition, 175 small towns are members of KRWA. Many of these towns are wholesale water suppliers for water districts and associations.

3. KRWA has a special interest in this proceeding which is not otherwise adequately represented. Full intervention by the KRWA will enable it to present issues and to develop facts that will assist the Commission in fully considering this matter. Full intervention by the KRWA will not unduly complicate or disrupt this proceeding.

4. KRWA requests that it be permitted to intervene as a party in this proceeding to the fullest extent permitted by law and the applicable regulations of the Commission. KRWA also requests that it be served with the Briefs filed in response to the Commission's August 26, 1999 Order, filed testimony, exhibits, pleadings, orders, correspondence, and all other documents submitted by all parties and by the Commission.

5. The jurisdictional issue presented in this proceeding is a question of first impression for the Commission. It involves an interpretation of Simpson County Water District v. City of Franklin, Kentucky, Ky., 872 SW2d 460 (1994). Will the Commission broadly or narrowly construe the Simpson County case? Both KRWA

and its members are keenly interested in the answer to this question and the outcome of this proceeding.

6. If the Commission grants KRWA full intervention rights in this matter, then KRWA plans to submit a Brief which fully addresses the three (3) issues outlined in the Commission's August 26, 1999 Order. KRWA's Brief should assist the Commission as it considers the jurisdictional issue presented in this proceeding.

7. The address of KRWA is as follows:

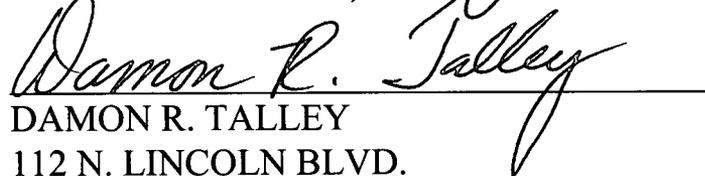
KENTUCKY RURAL WATER ASSOCIATION, INC.
3251 Spring Hollow Avenue
P.O. BOX 1424
BOWLING GREEN, KY 42102-1424

8. The undersigned is an attorney at law and is representing KRWA.

WHEREFORE, the Kentucky Rural Water Association, Inc. respectfully requests that it be permitted to intervene in this case and that it be granted **full intervention** status.

Respectfully submitted,

DAMON R. TALLEY, P.S.C.



DAMON R. TALLEY

112 N. LINCOLN BLVD.

P.O. BOX 150

HODGENVILLE, KY 42748

(270) 358-3187 FAX (270) 358-9560

ATTORNEY FOR KRWA

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing Pleading was served by first class mail, postage prepaid, this 20th day of September, 1999, to the following:

EDWARD D HAYS
SHEEHAN BARNETT & HAYS PSC
114 S 4TH ST
P O BOX 1517
DANVILLE KY 40423-1517
ATTORNEY FOR CITY OF DANVILLE

MARK H METCALF
METCALF & METCALF
214 STANFORD ST
LANCASTER KY 40444
ATTORNEY FOR GARRARD COUNTY WATER ASSOCIATION

JAMES S SANDERS
100 PAULDING ST
P O BOX 571
LANCASTER KY 40444
ATTORNEY FOR CITY OF LANCASTER


DAMON R. TALLEY



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 26, 1999

John Bowling
Mayor
City of Danville Water Dept.
P. O. Box 670
Danville, KY. 40423

Harold C. Ward
President
Garrard County Water Association,
Inc.
315 Lexington Road
P. O. Box 670
Lancaster, KY. 40444

Fred Simpson
Water Superintendent
City of Lancaster
101 Standford Street
Lancaster, KY. 40444

RE: Case No. 99-353

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE PROPOSED)
WHOLESALE WATER SERVICE CONTRACT) CASE NO.
BETWEEN THE CITY OF DANVILLE, KENTUCKY) 99-353
AND GARRARD COUNTY WATER ASSOCIATION)

ORDER

The City of Danville, Kentucky ("Danville") and the Garrard County Water Association ("Garrard County") have jointly filed a water purchase contract. Under the terms of this contract, Danville will provide Garrard County with 300,000 gallons of water daily. Garrard County currently receives its total water supply from the City of Lancaster, Kentucky ("Lancaster").

Lancaster has requested that the Commission review the proposed contract and that it be permitted to participate in the Commission's review. In support of its request, Lancaster first states that it has been Garrard County's water supplier since the water association's creation in 1968. It further states that approximately 60 percent of its water production is used to serve Garrard County and that it recently made expenditures to construct a new water line to meet Garrard County's needs. It finally states that Garrard County's new contract with Danville will cause its present rates for service to increase.

Having reviewed the contract and the correspondence related thereto, the Commission finds that:

1. Lancaster and Garrard County have special interests in this proceeding that are not otherwise adequately represented, and their intervention is likely to present issues or to develop facts that assist the Commission in fully considering the matter without unduly complicating or disrupting this proceeding.

2. Pursuant to Simpson County Water District v. City of Franklin, Ky., Ky., 972 S.W.2d 460 (1994), the Commission has jurisdiction over the rates and services that a municipal utility provides to a public utility.

3. The proposed contract raises issues not only of rates and service that Danville will provide to Garrard County, but whether the proposed contract will result in the wasteful duplication of municipal and public utility facilities.

4. Because the extent of the Commission's jurisdiction over the proposed contract and its effect on other municipal utilities is unclear and raises a question of first impression for the Commission, the parties should be required to submit written briefs on the issue of the Commission's jurisdiction.

5. The Commission should conduct further proceedings, pursuant to KRS 278.190, to determine the reasonableness of the proposed rate and the contract's effect on existing utility facilities if jurisdiction on those issues is found to exist.

IT IS THEREFORE ORDERED that:

1. Danville's proposed rate is suspended for five months from August 27, 1999 up to and including January 26, 2000.

2. Garrard County and Lancaster are made parties to this proceeding. Any party filing testimony, exhibits, pleadings, correspondence or any other documents with the Commission shall serve a copy of such documents on Danville.

3. With 30 days of the date of this Order, Danville, Garrard County, and Lancaster shall each file a written brief with the Commission on the Commission's jurisdiction over the proposed contract. Each party's brief shall address the following issues:

a. May the Commission, when determining whether a proposed contract for wholesale water service between a municipal utility and a public utility is reasonable, consider the effects that such a contract will have on other municipal utilities and their customers?

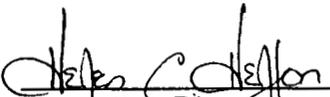
b. May the Commission, when determining whether a proposed contract for wholesale water service between a municipal utility and a public utility is reasonable, consider whether the proposed contract will result in the unnecessary or wasteful duplication of municipal utility facilities that are not subject to Commission jurisdiction?

c. Does Lancaster have standing to protest or dispute the proposed contract's rate for wholesale water service to Garrard County?

Done at Frankfort, Kentucky, this 26th day of August, 1999.

By the Commission

ATTEST:


Executive Director

City of Lancaster

101 Stanford Street
Lancaster, Kentucky 40444
Phone 606-792-2241
Fax 606-792-3341

Case No. 99-353

KENNY ADAMS
Fire Chief

FRED SIMPSON
Water Supt.

MILLARD ROSE
Sewer Supt.

WILLIAM E. CASSELL, JR.
Police Chief

BILLY C. MOSS
Mayor

SHARI LANE
City Clerk

JAMES S. SANDERS
City Attorney

RECEIVED
JUL 29 1999
CITY OF LANCASTER

Helen C. Helton
Executive Director, Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40602

July 28, 1999

Dear Ms Helton,

A contract between the City of Danville and the Garrard County Water Association is now before you for review that would allow Danville to sell to the GCWA up to 300,000 gallons of treated water each day. We ask to be allowed some input into the decision regarding this contract.

For thirty years Lancaster has been a dependable and reasonably priced source of treated water for the GCWA. Since 1968 when the GCWA was born we have lived up to the terms of our original contract which compelled us to supply them water "as needed". This has entailed a substantial investment in infrastructure since the GCWA has grown faster than the city system and now buys well over 60% of the water we produce. For well over a year we have been pursuing funding and hiring engineering work on a new line to the Kentucky River that would allow us to continue to meet their growing demand for water.

We are currently able to supply the needs of the GCWA system and the new line should allow us to continue to do so for years to come. We now charge GCWA \$1.34 per thousand gallons with no caps on how much they can buy. We feel that if GCWA goes to Danville the terms of the contract will encourage them to buy as much as possible to escape rates as high as \$2.70 per thousand gallons at the lower range of purchase. Our position is that this loss of customer base will not eliminate the need for our new river line, only drive rates higher for all water users in Garrard County and the City of Crab Orchard in Lincoln County.

Sincerely,

Billy C. Moss
Mayor of Lancaster

C60-881

City of

DANVILLE

P.O. Box 670
Danville, KY 40423
(606) 238-1200

KENTUCKY

July 23, 1999

Ms. Helen C. Helton
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED
JUL 29 1999
PUBLIC SERVICE
COMMISSION

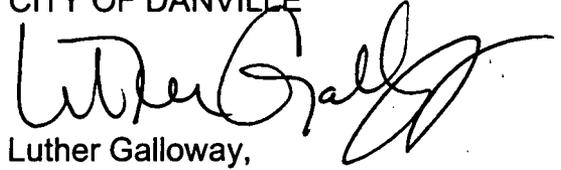
RE: Water Purchase Contract between City of Danville and Garrard County
Water Association *08601700*

Dear Ms. Helton:

My letter today is to submit of a water purchase contract between this utility and the Garrard County Water Association for the purchase of potable water. We would request that if possible the approval of this contract be expedited at the Commission's earliest convenience.

Sincerely,

CITY OF DANVILLE



Luther Galloway,
City Engineer

ehc

"The City of Firsts"

First Courthouse in Kentucky — 1785
First U.S. Post Office in the West — 1792
First Successful Ovariectomy in the World — 1809

First Capitol of Kentucky District — 1785
First Political Club in the West — 1786
First Constitutional Convention in the West — 1792

First College in the West — 1783
First Law School in the West — 1799
First State Supported School for Deaf — 1823

PURCHASED WATER RATE ADJUSTMENT

Pursuant to KRS 278.012 and 278.015

Garrard Co. Water Association
(Name of Utility)

July 23, 1999
(Date)

P.O. Box 670
Lancaster, Ky 40444
(Business Mailing Address)

606-792-4501
(Telephone Number)

JUL 29 1999

1. (a) Names of all wholesale suppliers and the base rate and changed rate of each. In the event the water purchased is billed by the supplier on other than a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
(1) <u>City of Danville</u>	<u>NONE</u>	<u>See Attached Contract</u>
(2) _____	_____	_____
(3) _____	_____	_____

1. (b) A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit _____.

2. Twelve-month Period Upon Which Purchased Water Adjustment is Based

From N/A through _____
 Month & Year Month & Year

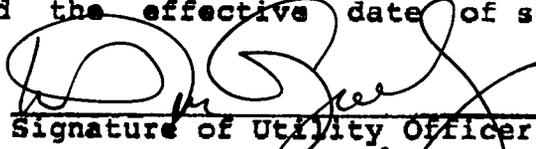
3. Statement of Water Purchases (Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. Where water is purchased from a supplier through more than one meter and bills are computed individually for each meter, purchases should also be shown separately for each meter.)

<u>Supplier's Name</u>	<u>Gallons Purchased Meter No. 1</u>	<u>Gallons Purchased Meter No. 2</u>
(1) <u>City of Danville</u>	<u>See Enclosed Contract</u>	
(2) _____	_____	_____
(3) _____	_____	_____
TOTAL	_____	_____

4. Total Sales for the 12-Months N/A gallons
5. Purchased Water Adjustment Factor N/A ¢ per gallon or cubic foot.

NOTE: If the applicant is a corporation, a certified copy of its Articles of Incorporation must be attached to this Application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the Application and refer to the style and case number of the prior proceeding.

NOTE: Revised tariff sheets must be attached showing rates to be charged by the utility and the effective date of such increased rates.


 Signature of Utility Officer
City Engineer - City of Danville
 Title

Garrard County Water Association, Inc.

P.O. BOX 670

LANCASTER, KENTUCKY 40444

TELEPHONE 792-4501

July 20, 1999

JUL 27 1999

Ms. Helen C. Helton, Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Water Purchase Contract between the City of Danville
and the Garrard County Water Association.

Dear Ms. Helton:

My letter today is to accompany the submittal of a water purchase contract between this utility and the City of Danville for the purchase of potable water. My letter will accompany the letter from the City of Danville to affirm our position in executing this contract.

At a board meeting held on July 6, 1999, the directors of the Garrard County Water Association approved by resolution the execution of this water purchase contract. That resolution included the authorization to the president and secretary of this corporation to execute the contract by their signatures. Let it further be stated that the directors of the Association approved the terms, conditions and rates as stated in the contract.

We would request that if possible the approval of this contract be expedited at the Commission's earliest convenience. If further information should be required, please advise.

Sincerely,



Harold C. Ward
President/Executive Director

cc: City of Danville
HCW/lp

Garrard County Water Association, Inc.

P.O. BOX 670

LANCASTER, KENTUCKY 40444

TELEPHONE 792-4501

July 26, 1999

JUL 27 1999

Ms. Helen C. Helton, Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Dear Ms. Helton:

Your office recently received a water purchase contract executed between the City of Danville and the Garrard County Water Association submitted for approval. The purpose of my letter today is to explain in a little more detail the decision of Garrard County Water to purchase some additional supplies of water for its distribution system from the City of Danville.

The Association's directors looked at two different situations to obtain additional supplies of water for the Association's service area north of the city of Lancaster. This particular service area is expanding very rapidly with subdivisions as well as general extensions. The board of directors final decision in this matter was to purchase water from the Danville Water Treatment Plant which is now running at approximately 55 percent of capacity. To obtain treated water from Danville will require construction of approximately ten thousand feet of eight inch water main that will proceed across Herrington Lake and along county roads to an existing six inch main feeding into the north end of Garrard County. The board of directors believes that this is the most cost effective, practical and quickest solution to meet the ever increasing water demands of this service area. No rate increase will be required of the Association's customers to accomplish this additional supply of water. Additionally, this construction will be financed from retained earnings and/or depreciation reserves held by the Association. Obviously, this construction will constitute an improvement to the Association's system and is being done in the normal course of business.

During its high demand times the Association finds itself pumping as much water into this service area as possible with our current trunk lines and pumps. If at all practical, we would ask for expedited consideration of the water purchase contract and

Ms. Helen C. Helton, Executive Director
Public Service Commission
7-26-99

Page 2

subsequent approval. We intend to accomplish this construction in the next sixty days.

If any additional information should be found necessary in this matter, please advise at your earliest opportunity.

Sincerely,



Harold C. Ward
President/Executive Director

HCW/lp

Despite county objections, GCWA continues toward Danville water purchase

By DAVID MELANSON
Staff Writer

LANCASTER — The Garrard County Water Association informed the Garrard County Fiscal Court that it will continue with its plans to construct road encroachments across county roads, as they move closer to receiving additional water from Danville.

In a letter written to the fiscal court magistrates, Harold C. "Coby" Ward, speaking on behalf of the GCWA, told the fiscal court that the GCWA did not need its approval to construct the road encroachments. Rather, the GCWA was asking for permission "as a matter of courtesies and goodwill."

Ward, who is president and executive director of the GCWA, said Kentucky state law allows any public utility to use county right-of-ways without county approval.

On July 13, the fiscal court voted unanimously to prohibit the GCWA from constructing water connections on Bryants Camp and Forks Church roads. Ward requested the court's permission to "enable the GCWA to purchase additional water supplies in north Garrard County."

But the fiscal court refused GCWA's request, saying that it wanted the Lancaster City Council to pursue its new raw water line project.

Although there has been much speculation that the GCWA was going to purchase most of its water from Danville, Ward said that is not the case.

The GCWA only plans to buy 100,000 gallons a day from Danville, but can purchase up to 300,000 gallons a day, which Lancaster Water Superintendent Fred Simpson said will allow Lancaster to pursue its water project plan.

"Lancaster will always be our primary source for water," said Ward. "This is not a divorce."

In addition, Ward said the GCWA showed support for the raw water project in a letter to the city council last September.

"Lancaster will always be our primary source for water. This is not a divorce."

Harold Ward

The GCWA signed a 45-year contract to purchase water from the city of Danville on July 23.

The letter cited several reasons for the GCWA's decision to look to Danville for additional water supplies for northern Garrard.

"In light of current population growth, the fact the city treatment works at nearly 100 percent capacity in high demand times points to the need for alternative sources of water for the GCWA and the importance of Lancaster increasing its treatment capacity in the near future," said Ward.

Over the past eight years, the GCWA has added 1,622 customers — a 73 percent increase. This population influx has helped drain Lancaster's resources.

Ward said financial matters concern the GCWA as well. According to Ward, the GCWA will have to spend an additional \$400,000 to upgrade its lines to accommodate the increase in water volume. But the additional line from Danville would only cost the GCWA \$300,000.

WATER PURCHASE CONTRACT

RECEIVED
JUL 29 1999
PUBLIC SERVICE
COMMISSION

This contract for the sale and purchase of water is made and entered into this 23rd day of July, 1999, by and between the City of Danville, Kentucky, a municipal corporation of the third class, sometimes hereinafter referred to as "Seller", and Garrard County Water Association, Inc., hereinafter referred to as "Purchaser";

W I T N E S S E T H

WHEREAS, the Seller owns and operates a water supply distribution system and desires to sell water to the Purchaser; and

WHEREAS, the Purchaser desires to purchase water from the Seller, and

WHEREAS, resolutions have been duly enacted by each of the governing bodies of the respective parties hereto, which resolutions approved the terms and provisions of this agreement and do further authorize the respective representatives of each party to execute this agreement.

NOW, THEREFORE, in consideration of the foregoing and in further consideration of the mutual promises and agreements contained herein, the parties hereby do now agree to the following terms and conditions:

1. The term of this contract shall be for a period of 45 years, commencing on or before the first day of October, 1999, and ending on the first day of October, 2044.

2. The Seller agrees to furnish the Purchaser at the point of delivery specified and set forth on Addendum a (attached hereto and incorporated by reference) during the term of this contract treated water suitable for human consumption and meeting applicable purity and safety standards, in a quantity not to exceed 300,000 gallons per day, 9,000,000 gallons per month. The Purchaser specifically agrees and covenants to purchase from Seller during the term set forth above and not exceeding the limits set forth above, unless a written agreement is had to the contrary.

3. The water, to be sold hereunder will be furnished at a point set forth in the attached addendum. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the costs and means of providing such greater pressure shall be the responsibility of the Purchaser. It shall be the expense and the responsibility of the Purchaser to (a) construct and maintain any line or lines beyond the point of delivery, (b) purchase and install a water meter and necessary appurtenant facilities consistent with the specifications directed by the Seller's City Engineer, and (c) provide the hook-up or connection at the point of delivery, but subject to the supervision and the approval of the Seller's City Engineer.

4. The water purchased and sold under this agreement shall be delivered by Seller at the above-stated point of delivery and shall pass through and be measured by a meter capable and sufficient to measure the quantity of water so delivered. It shall

be the expense and responsibility of the Purchaser to furnish, install, and maintain the necessary metering equipment, the same to be determined by the Seller's City Engineer, and any required devices of standard types for property measuring the quantity of water delivered to the Purchaser and the responsibility of the Seller to calibrate and test for accuracy such metering equipment annually, or at such other times that are reasonably requested by either party. A meter registering not more than 2% above or below the test result, shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for the six (6) months previous to such tests in accordance with the percentage of inaccuracy found by such tests.

If any meter fails to register for any period, the amount of water delivered in the corresponding period immediately prior to the failure shall be considered the amount consumed, unless the Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on a regular basis, but not less than once, every month. An appropriate official or representative of the Purchaser shall at all reasonable times have access to the meter for the purpose of verifying its readings.

5. The Purchaser agrees to pay to Seller for water delivered in accordance with the following rate schedule based on monthly consumption:

Quantity (Cu Ft)	:	Rate (\$/100 Cu Ft)
---------------------	---	------------------------

First	20,000 cu ft	\$1.68
Next	80,000 cu ft	\$1.44
Next	100,000 cu ft	\$1.20
Next	300,000 cu ft	\$1.06
All over	500,000 cu ft	\$0.86

6. In addition to the foregoing schedule of rates, the Purchaser shall further pay to Seller a surcharge of twenty percent (20%) to be added to the total water bill (not including any applicable taxes or fees).

HOWEVER, the parties understand and agree that if at any time during the term of this agreement the rate charged to other wholesale consumers, including other municipalities, independent water districts, or privately owned water companies, are modified, either increased or decreased, the rate of charge to the Purchaser shall automatically be modified to conform to such rates; similarly, it is agreed and understood that in the event the amount of the surcharge which is charged to all wholesale customers outside the city limits of Seller, is modified, then the rate of surcharge unto Purchaser shall automatically be modified to conform with such surcharge rate. It is understood and agreed by the parties that modification of the water purchase rate and the surcharge thereon shall be at the discretion of the Seller, City of Danville. The City of Danville shall be required to give a written five (5) month advance notice of any rate increase and comply with any applicable Public Service Commission rulings.

7. The Purchaser shall not consume more than the monthly limit without written permission from the Seller except in the case

of an emergency. If an emergency so arises, it shall be the duty of the Purchaser to immediately notify the Seller by telephone of such said emergency and its expected duration and then to follow-up the said telephonic notice with written notice within 24 hours served by certified mail, return receipt requested and that this exception does not apply if the reason for the emergency is due to drought or otherwise lack of rain.

8. Payment for such water delivered shall be made promptly and in accordance with the regular billing policy of the Seller, which shall from time to time, be in effect. The Seller shall furnish Purchaser with an itemized statement of the amount of water furnished the Purchaser during the proceeding period for which the meter was read.

9. The Seller will at all times operate and maintain its system to the point of delivery to Purchaser in a state of reasonable repair and will take such reasonable action as may be necessary to furnish the Purchaser with the quantities of water heretofore set forth. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or if the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's other customers located outside its corporate limits is reduced or diminished. Seller will afford priority to customers

within the City of Danville. The obligation of the Seller to supply water is limited, however, by the understanding that while the Seller shall use reasonable care and diligence in the operation and maintenance of its existing system to prevent and avoid interruptions or fluctuations in supply, that nevertheless the Seller does not guarantee that such interruptions and fluctuations will not occur. The parties agree that the Seller shall not be liable for the curtailment of supply due to emergencies, breaks, leaks, defects, necessary repairs, fires, strikes, acts of God, or other causes of unusual demand upon its system. Further, in the event of fire, storm, war, acts of God, or other emergencies, the Seller's City Manager may, without liability attaching to the Seller, and without notice, reduce or temporarily discontinue such water supply. In the event the Seller's City Manager shall be absent from the City of Danville, or be for any reason incapacitated, his power to order reduction or cessation of supply shall vest in the City of Danville's Fire Chief, or if he shall be absent or incapacitated, then in the Seller's City Engineer. In either event, the official determination of emergency shall permit such reduction or cessation during the emergency without liability unto the Seller, but with the understanding that same shall be rectified as quickly as is reasonably possible.

10. It is contemplated and understood that the water sold hereunder is for the purpose of providing for the needs of consumers located within the jurisdiction of the Purchaser. It is

agreed and understood the Purchaser shall not circumvent the intention of this contract by the selling of such water, or any portion thereof, unto other municipalities, water districts, or such other entities providing water to consumers not located within the jurisdiction of the Purchaser herein, without the express written consent of the City of Danville.

11. Should major industrial consumer of water desire to located within the area served by the Purchaser, the Purchaser shall not supply water unto said major industrial consumer of water without the express written consent and approval of the City of Danville, which consent and approval shall not be unreasonably withheld. A major industrial consumer of water is defined as one using more than 500,000 gallons of water per month.

12. The parties acknowledge that Seller obtains its raw water from Herrington Lake pursuant to an agreement with Kentucky Utilities Company dated April 14, 1970, under which Agreement the sale of water to the Purchaser herein may be subject to the approval or disapproval of said Kentucky Utilities Company. In the event Kentucky Utilities Company fails to grant approval, or in the event Kentucky Utilities Company grants approval but subsequently revokes such approval, or in the event the Kentucky Utility Company undertakes any action to prohibit or limit the sale of water specifically to the Purchaser herein or to the City of Danville, the City of Danville shall have only a good faith duty to negotiate the matter with Kentucky Utilities Company, but shall not be held

liable for any cessation or reduction in the amount of water provided to the Purchaser herein which results directly from such action by Kentucky Utilities Company.

13. By execution of this contract, the undersigned parties do hereby acknowledge that all prior contracts or agreements between these parties relative to the sale and purchase of water are hereby rescinded and of no further force and effect.

IN TESTIMONY WHEREOF, the parties hereto, by and through their respective authorized representatives, have executed this agreement effective the date first above written.

SELLER
CITY OF DANVILLE, KENTUCKY

BY: Alex W. Stevens
MAYOR

ATTEST:

Cindi Woolcum
CITY CLERK

PURCHASER
THE GARRARD COUNTY WATER ASSOC., INC.

BY: [Signature]
PRESIDENT

ATTEST:

[Signature]
SECRETARY

ADDENDUM A

Following is a description of the expected connection to the City of Danville system, by Garrard County Water Association.

1). The point of connection will be made to the existing 12-inch water main currently located on the City of Danville property on Gun Range Road, this point of connection being just south of an existing meter vault where there will be installed appropriate equipment to check flows in the main to determine if leaks may exist under the lake.

2). The Purchaser will be responsible for construction of the water mains including those under the lake as well as work necessary for connections and metering. The Purchaser will also be responsible for any repair work to said equipment and water mains. The Purchaser will not be responsible for leaks in unmetered portions of the mains provided repairs are made in a timely manner.

3). The meter to measure water to the Purchaser shall be located on the East Side of the lake on the northwest corner of the Jim Bryant property near the end of Bryant's Camp Road and accessible without interference of private property.